

January 2020 Market Watch

After a positive end to 2019, the start of 2020 kicked off with U.S. domestic markets ending the month down, as fears of the Coronavirus caused stocks to tumble globally. The World Health Organization (WHO) declared the outbreak a global health emergency.

On the foreign policy front, the year started with the U.S. authorizing an airstrike that killed a senior Iranian leader, Qassem Soleimani, in an attempt to deter attacks against U.S. embassies and personnel. This escalation in the Middle East reignited global instability despite subsiding later in the month.

January also marked the beginning of fourth quarter earnings season reporting. Both earnings and economic data have been mixed so far. U.S. GDP in fourth quarter of 2019 grew at 2.1%, no change from the previous three months. However, the economy as a whole grew 2.3% annually in 2019 (slowest pace since 2016) versus 2.9% in 2018. Consumer spending was a little more cautious in the final months of 2019, but the housing market rebounded, thanks in part to low interest rates. Near the end of the month, the U.S. Federal Reserve (Fed) kept benchmark rates unchanged at 1.5%-1.75% and signaled policy would stay on hold for the time being, repeating language from the December statement.

Looking ahead, markets continue to watch for direction from the pace of global growth and Coronavirus containment developments.

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	1/31/20	1/24/20	% chg *	12/31/19	% chg *	1/31/19	% chg *	% chg *
DJIA	28,256.0	28,989.7	-2.5%	28,538.4	-1.0%	24,999.7	13.0%	-1.0%
S&P 500	3,225.5	3,295.5	-2.1%	3,230.8	-0.2%	2,704.1	19.3%	-0.2%
NYSE Comp Index	13,614.1	13,978.5	-2.6%	13,913.0	-2.1%	12,299.0	10.7%	-2.1%
NASDAQ Composite	9,150.9	9,314.9	-1.8%	8,972.6	2.0%	7,281.7	25.7%	2.0%
Russell 2000	1,614.1	1,662.2	-2.9%	1,668.5	-3.3%	1,499.4	7.6%	-3.3%
MSCI EM (Emerging Markets)	1,062.3	1,119.4	-5.1%	1,114.7	-4.7%	1,049.9	1.2%	-4.7%
MSCI EAFE	1,993.7	2,044.9	-2.5%	2,036.9	-2.1%	1,831.1	8.9%	-2.1%
Japan Nikkei 225	23,205.2	23,827.2	-2.6%	23,656.6	-1.9%	20,773.5	11.7%	-1.9%
FTSE 100	7,286.0	7,586.0	-4.0%	7,542.4	-3.4%	6,968.9	4.6%	-3.4%
SSE Comp Index	2,976.5	2,976.5	0.0%	3,050.1	-2.4%	2,584.6	15.2%	-2.4%

US Equity Sector Performance

	Jan	YTD	1 Yr Ret.
Consumer Discretionary	0.6%	0.6%	16.7%
Consumer Staples	0.4%	0.4%	21.7%
Energy	-11.1%	-11.1%	-10.5%
Financials	-2.6%	-2.6%	18.3%
Health Care	-2.7%	-2.7%	12.1%
Industrials	-0.4%	-0.4%	15.6%
Information Tech	4.0%	4.0%	46.1%
Materials	-6.2%	-6.2%	10.8%
Communication Services	0.9%	0.9%	21.3%
Utilities	6.7%	6.7%	30.3%
Real Estate	1.5%	1.5%	17.8%

US Equity Style Performance

	Jan	YTD	1 Yr Ret.
Dow Jones Utilities	6.8%	6.8%	29.1%
DJ TRANS Avg.	-3.1%	-3.1%	6.8%
Russell 1000 Value	-2.2%	-2.2%	14.9%
Russell 1000 Growth	2.2%	2.2%	27.9%
Russell 2000 Value	-5.4%	-5.4%	4.4%
Russell 2000 Growth	-1.1%	-1.1%	13.9%

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Major U.S. domestic equity indices closed mostly lower in January. From a sector standpoint, Utilities (+6.7%) and Information Tech (+4.0%) led gains. Energy (-11.1%) and Materials (-6.2%) led losses.

Emerging Market (MSCI EM -4.7% MTD) and Developed International Equities (MSCI EAFE -2.1% MTD) closed the month lower. The U.S.-China Phase One Trade Deal was signed in January, taking the trade war into a quieter phase as the deal aims to vastly increase Chinese purchases of U.S. manufactured products, agricultural goods, energy and services. However, the fast-spreading Coronavirus disrupted the Asian Lunar New Year celebration, causing volatility in global markets. U.S. and British airlines suspended flights from a few Chinese cities. Volatility is expected as death tolls continue to rise. On another note, the European Parliament approved the Prime Minister Boris Johnson's Brexit deal, which cleared the way for the U.K. to leave the EU on the last day of January.

U.S. Treasury rates decreased across the board this month. The 10-Yr closed at 1.52% and 2-Yr at 1.32%. The 10-Yr yield also dipped below the three-month Treasury rate of 1.54%, inverting a part of the yield curve.

The Bloomberg Commodity Index lost -7.5% MTD. Crude oil was down -15.6% MTD, its biggest monthly drop since May on concerns that the coronavirus will curb demand for transportation fuels. Gold gained (+4.3% MTD) on the back of global volatility.

Bond Markets (%)

	1/31/20	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	1.54	1.55	2.40
US Benchmark Bond – 6 Mth	1.53	1.59	2.40
US Benchmark Bond – 2 Yr	1.32	1.57	2.45
US Benchmark Bond – 5 Yr	1.32	1.69	2.43
US Benchmark Bond – 10 Yr	1.52	1.92	2.63
US Benchmark Bond – 30 Yr	2.01	2.39	3.00

Commodities (In US dollars)

	1/31/20	1 Mth Ago	1 Yr Ago
Gold	1,587.90	1,523.10	1,325.20
Crude Oil	51.56	61.06	53.79
US Dollar Index	97.21	96.06	95.30
Bloomberg Commodity Index	74.84	80.89	80.73

US Bond Sector Performance

	Jan	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Govt. Intrm. TR	1.41%	1.41%	6.23%

Interest Rates (%)

	1/31/20	1 Mth Ago	1 Yr Ago
Prime Rate	4.75	4.75	5.50
Federal Funds Rate	1.60	1.56	2.41
Libor Rate 30 Day	1.66	1.76	2.51
Libor Rate 3 Months	1.75	1.91	2.74
30yr Fixed Mortgage	3.51	3.72	4.46

Exchange Rates (per US dollar)

	1/31/20	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.323	1.297	1.313
Mexican Peso	18.918	18.884	19.028
Euro	0.902	0.891	0.871
British Pound	0.759	0.755	0.760
Swiss Franc	0.964	0.968	0.992
Chinese Yuan	6.930	6.966	6.706
Indian Rupee	71.358	71.378	71.120
Japanese Yen	108.385	108.675	108.830

Economic Sentiment

	1/31/20	1 Yr Ago
Unemployment Rate	3.50%	4.00%
Average Single Family Home	312,500	288,900
Capacity Utilization	77.00%	79.00%

*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

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